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TAGS: PHUM ECON PGOV PREL EINV ETRD SOCI KIRF VM RELFREE HUMANR ETMIN

SUBJECT: BALANCING ETHNIC AND RELIGIOUS DIVERSITY IN SOC TRANG AND TRA VINH

1. (SBU) Summary: DCM (then Charge) and ConGen Poloff visited Soc Trang and Tra Vinh Provinces during October 1-3, to examine firsthand the situation for the ethnic Khmer in the Mekong Delta, in light of continuing reports of discrimination from sources overseas. Situated in an area that once belonged to Cambodia, these two coastal provinces have large Khmer populations. But while these are both relatively poor, underdeveloped provinces, the ethnic Khmer seem to be faring no worse than anyone else. Both provinces depend heavily on wet rice agriculture and aquaculture, but are hoping to diversify if infrastructure can be improved. During his trip, the DCM had an opportunity to speak with provincial officials, Buddhist, Protestant and Catholic leaders, local businessmen, and ordinary Khmer residents. For their part, the officials seemed committed to sharing any new wealth fairly among the ethnic Khmer and the majority Vietnamese Kinh. The Khmer, meanwhile, seemed well integrated and raised no allegations of ethnic strife. The Khmer language and culture, including Khmer Buddhist practices, appeared to be flourishing. End summary.

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JUST BELOW THE NATIONAL AVERAGE  
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2. (U) Soc Trang covers an area of just over 3200 square kilometers, including 72 kilometers of coastline. Ethnic Khmer number 340,000 (28 percent) out of a total population of 1.2 million. There are also 65,000 ethnic Chinese. Just up the coast, Tra Vinh occupies a land area of 2228 square kilometers, with 65 kilometers of coastline. The population of one million includes 300,000 (30 percent) ethnic Khmer. Most Khmer in the two provinces are rice farmers, but some have begun to venture into more lucrative fields, such as shrimp farming and cattle raising. Of the two provincial capitals, Tra Vinh seemed the tidier, cleaner, and more prosperous town. The town is well-known for its many old trees. Roads in both provinces were narrow and often choked by even mild two-way traffic.

3. (U) Agriculture and aquaculture account for over 50 percent of economic activity in the two provinces. Soc Trang fares slightly better, with annual yields of 1.6 million tons of rice and 56,000 tons of sea products. Five local seafood-processing plants handle nearly 30,000 tons, with the remainder processed by individual farmers and fishermen for sale to exporters. Four of the five are in private hands, including the largest, which processed over USD\$80 million in sea products last year. Soc Trang already ranks just behind Ca Mau as the largest seafood exporter in the country. Provincial leaders hope to expand shrimp farming from 48,000 to nearly 80,000 hectares over the next few years. This would raise output to 72,000 tons (worth an estimated USD\$480 million) by 2005. Having recognized the ecological shortcomings of flooding rice fields with saltwater to create shrimp ponds, local authorities are looking for more natural methods. Overall economic growth in the province exceeded 8 percent last year. Annual per capita income was slightly lower than the national average, at USD\$379.

4. (U) Tra Vinh, meanwhile, produced 1.2 million tons of rice, but many local Khmer farmers are moving from rice to sugar cane and livestock. Like its neighbor, Tra Vinh is trying to exploit its coastal location for aquaculture. Unfortunately, Tra Vinh has only half as much available area for shrimp farming as Soc Trang, and is hampered by the constant tidal mixing of fresh, salty, and brackish water. Despite those drawbacks, economic growth reached almost 10 percent last year, raising per capita incomes to just under USD\$350 per year.

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NO CAPITAL, NO FDI, AND NO WAY TO GET THERE FROM HERE  
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5. (SBU) Despite this relative good fortune, the two provinces still have a long way to go to provide true economic opportunity and a decent standard of living to all their inhabitants. Neither province currently has much to offer in the way of manufacturing or services, although both are eager to attract American investment, development assistance, and NGO activity. Soc Trang People's Committee Chairman Huynh Thanh Hiep told DCM he had just submitted a proposal to the central government for a new 150 hectare industrial park with deep water port facilities and was looking at ways to get funding for a new marketplace to revitalize the provincial capital's downtown commercial area. The industrial park would host mostly food processors. The deep water port, a

floating transit point in the Dinh An Estuary, was expected to move 10,000 tons of freight. Mr. Hiep said the American Chamber of Commerce in HCMC had recently referred one American investor for the project.

16. (SBU) Chairman Hiep bemoaned the difficulties of mobilizing sufficient capital to achieve the desired level of growth, noting that the province received the equivalent of only USD\$10 million per year from the national government. Director Kien of the Department of Planning and Investment noted that Soc Trang was still at the stage of development where all available funds go immediately to upgrading infrastructure and improving the general welfare of the people. He said Soc Trang's only foreign direct investment project was about to close down because the Taiwanese investor was unable to compete with similar factories in HCMC. Over dinner, Chairman Hiep acknowledged the good work of many international NGOs in the province, including some from the U.S. He hoped some benefit might flow to the province if airports in Ca Mau and Can Tho were to reopen. He also thought Can Tho's pending reclassification as an independently administered city might spread the wealth to nearby Delta provinces like Soc Trang. (Post Note: Designation as a special administrative city -- Hanoi, HCMC, Danang, and Haiphong -- confers some degree of autonomy on a municipality in terms of taxes, budget priorities, land use, and project licensing approvals. In essence, it makes the city a province in and of itself. End note.)

17. (SBU) Tra Vinh People's Committee Vice Chairman Tran Hoang Kim noted that industry represented only 10 percent of his province's economic output, centered mostly on food processing -- shrimp, coconut, and sugar cane. Vice Chairman Kim (a three-time delegate to the National Assembly before the current session) is intent on locating garment and textile factories in Tra Vinh, but acknowledged serious problems with transporting raw materials and finished goods. Even with three highways crisscrossing the province, waterborne transportation was still the only way to move large shipments. Hong-Viet, a small joint venture with a Hong Kong company, just signed a contract with a larger HCMC firm and plans to expand from 600 to 2000 workers in the near future. Another private firm is expected to start producing garments by the end of this year.

18. (SBU) Vice Chairman Kim said there had been little effect on his province from the Bilateral Trade Agreement with the U.S., even with the subsequent increase in the volume of trade. He did think WTO accession would have a positive effect on Vietnam's exports, however, and was not worried about competition from foreign agricultural producers. In the longer term, bridges spanning three of the "Nine Dragons" of the Mekong River, scheduled for completion in 2007 and 2008, would make the province more attractive to manufacturers. Mr. Kim said he hoped Vietnamese-Americans with expertise in shrimp farming would view Tra Vinh as a good place to invest.

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SEAFOOD PRODUCT PROCESSING AND SOLAR ENERGY  
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19. (SBU) In Tra Vinh, the DCM toured the high-tech shrimp processing line of the Cuu Long Sea Products Company. Director Nguyen Van Bang -- a 1985 Can Tho University graduate, who joined the company a year later, and worked his way up through the ranks -- said the company had just begun shipping frozen seafood (mostly tiger shrimp) to the east and west coasts of the U.S. in 2000. Sixty percent of their product went to the U.S. in 2001, and 50 percent in 2002. Total turnover was up from USD\$13 million in 2001 to over USD\$18 million in the first nine months of 2003. Cuu Long employs 900 workers, including 100 Khmer. The workers enjoy excellent working conditions, including wages at almost twice the provincial average, twice yearly medical examinations, and free lunches. The company buys mostly from small fishermen and shrimp farmers. This state-owned company is in the process of privatizing, and plans to hold its first shareholder conference in January 2004. Looking toward expanding exports to Eastern Europe, Director Bang described the difficulties of having to truck his products to HCMC in freezer trucks for shipment.

110. (SBU) The DCM also had an opportunity to travel to a remote Tra Vinh village with the regional representative of U.S.-based SELCO (Solar Electric Light Company). The company, which also does business in India and Sri Lanka, targets customers not connected to the national power grid. The company is still not profitable in Vietnam, with sales of only 1448 solar energy units over the past two years, but estimates show potentially 20 million families in Vietnam still relying on generator or battery power. The target market is families earning USD\$70 per month, considered sufficient to pay the required USD\$9 per month for financing. (Loans are arranged through the Bank for Agricultural Reconstruction and Development. The default rate is approximately 18 percent.) One major obstacle to greater sales is that not many families can afford the USD\$200 down payment on the USD\$900 solar unit, at least not without help from their families overseas. Another problem is illegal wires strung from distant power lines to rural homes (in full view of the retinue of provincial officials who joined the DCM for the tour), which obviate the need to purchase a SELCO unit. SELCO officials complained that they are also hamstrung by excessive red tape, such as the requirement

that the provincial People's Committee sign off on every loan application. The local Women's Union is often helpful in pushing loan applications through the Committee in a reasonable amount of time.

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JUSTIFIABLY PROUD OF THEMSELVES VIS-A-VIS THE KHMER?  
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11. (SBU) Provincial leaders in both provinces spoke proudly of their efforts to raise the living standards of the Khmer population to the level of their Vietnamese Kinh neighbors. They attributed any lingering economic disparities to differences in educational attainment and family size, and dismissed allegations of discrimination as untrue. As proof of the efficacy of their efforts, Chairman Hiep pointed out that the number of Khmer families under the poverty line had dropped from 64 percent to just 18 percent in little more than 10 years. This was just five points higher than the poverty level for the province overall. The poverty rate for Tra Vinh has dropped from 40 percent to 19 percent since 1992. Both provinces had relied heavily on funds available from the central government under Program 135, started in 1999 to help eliminate poverty among the ethnic minorities. According to Vice Chairman Kim, the program was responsible for 3301 projects in Tra Vinh over the past four years, valued at more than USD\$5.1 million. He spoke of the importance of infrastructure upgrades in terms of improving Khmer farmers' ability to get their goods to market without being exploited by Kinh middlemen.

12. (SBU) Provincial officials also ran through the usual litany of programs available to ethnic minority groups throughout the country, such as small grants and loans, and free medical care. Ethnic minority students are eligible to receive a free education through the secondary level at provincial ethnic minority boarding schools. Elementary level boarding schools are located in each district. Successful graduates are able to enter university without sitting for the national entrance examination. Families pay only expenses, while the government covers tuition. Of the 100 secondary school graduates in Tra Vinh each year, 40 enroll in some sort of vocational training, while 30 go on to university. The majority return to work in the local government. (Fifty percent of the teachers at the boarding school are ethnic Khmer.) Khmer pagodas also conduct primary education classes, equivalent to Grades 1-5. Chairman Hiep hoped to convert a 3500-student continuing education center/teacher training college into a community college for Soc Trang in the near future, while Tra Vinh has just established a community college with Canadian assistance. Bilingual education is widely available in both provinces, as are Khmer-language print and broadcast media.

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SPEAKING OF RELIGION AND CULTURAL PRESERVATION  
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13. (SBU) While in Tra Vinh, the DCM visited the Southern Secondary Pali Supplementary Education School, the only institution of its kind in Vietnam. The two monks serving as Director and Deputy Director were clearly nervous to be speaking to what they described as the first diplomats to ever visit the institution, and read mostly from prepared briefing papers. Established in 1994, under the supervision of the Ministry of Education and Training, the school is funded by the central GVN and charges no tuition. The four-year course provides the equivalent of a Grade 6-12 education in 11 subjects. A special Khmer Ethnic Minority Committee sitting in Can Tho Province is responsible for recruiting students each year from all over southern Vietnam. More than 500 students have enrolled in the school over the past nine years. Graduates are expected to either return to their local pagodas to teach in primary education programs, or else continue their studies at the university level. The Director cited frequent exchanges between Theravada monks in Soc Trang, Cambodia, and Burma, and said religious texts were often exchanged as well, although these had to be cleared by the provincial Committee for Religious Affairs.

14. (SBU) According to officials in both provinces, the Khmer tend to cluster near Theravada Buddhist pagodas (92 in Soc Trang and 110 in Tra Vinh), but don't physically separate themselves from the Vietnamese Kinh or Chinese. As is common in the Theravada tradition, most Khmer males in the two provinces become monks at some point, most often for two or three years prior to military training. The DCM toured several Khmer pagodas, speaking to monks and ordinary Khmer residents, and elicited no complaints of discrimination or limitations on religious worship. Mission officers frequently heard local residents speaking Khmer with one another. Two Khmers from each province sit on the current National Assembly. One of them serves on the legislative body's Commission on Ethnic Minority Affairs. Khmers also fill many of the People's Committee slots at the district level.

15. (SBU) Protestants and Catholics also seem to benefit from the emphasis that both provincial governments place on harmony. There are seven legal Protestant churches registered with the GVN-recognized Southern Evangelical Church of Vietnam (SECV) in Soc Trang, and two in Tra Vinh. Protestants not wanting to worship at these churches are free to worship at home. ConGenoff visited one of Tra Vinh's two Protestant churches on a main street during an

evening service. According to the pastor and members of the congregation, there are fewer than 500 Protestants in Tra Vinh, including 200 Khmer. Only 100 gathered in this particular church every Sunday, but the pastor visited others in outlying areas for smaller services in their homes on a regular basis. The congregation reported no problems with freedom to worship, but did complain that the government had never returned a confiscated school on the church compound. Otherwise, they found Tra Vinh officials to be cooperative and accommodating. The congregation was in the process of building a new church to replace the existing structure (built in 1945), but was dependent on funding by mostly Korean benefactors.

16. (SBU) The DCM and ConGenoff also visited one of three large Catholic churches in Tra Vinh that had been constructed by the French in the early 20th century. While the buildings themselves were quite ornate, they were in need of renovation and maintenance. According to the priest with whom we spoke, the church serves 5000 parishioners, with an overflow crowd on Sundays. The last French priest had left in 1954, but the current number of Vietnamese priests is sufficient to serve the parish. The priest regretfully said there was not much to do anymore, since the school had been confiscated and the church was unable to undertake charitable activities.

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COMMENT  
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17. (SBU) We were encouraged to see that the ethnic Khmer communities in both Soc Trang and Tra Vinh appear to be thriving culturally, if not economically. While one expects to hear nothing but good things from provincial officials, the ordinary Khmer we encountered told consistent, unforced stories of equal opportunity and social and religious tolerance. These will probably never be among the richest provinces in Vietnam, but the provincial governments seem to be taking the right steps to exploit whatever opportunities are available.

18. (SBU) Of the two provinces, Tra Vinh would seem to be slightly more open to new ideas, as witnessed by the three foreign business delegations meeting with local officials in our hotel. In general, the provincial leadership in Soc Trang was a bit more uptight, reading carefully from prepared scripts with talking points on "hostile forces" and the Vietnam Human Rights Act. Just up the coast in Tra Vinh, meanwhile, Vice Chairman Kim actually started the meeting off with an offer to dispense with the usual scripted briefing and go right into the discussion. He was animated and excited to be talking about his province. Taking his leave at lunch for a trip to Hanoi, he said he was glad we had made the trip to see for ourselves that allegations of discrimination were untrue and that the provincial administration was committed to helping the Khmer.

YAMAUCHI